

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
SEATTLE DIVISION

STEPHEN G. NELSON, Derivatively on
Behalf of AMAZON.COM, INC.,

Plaintiff,

v.

JEFFREY P. BEZOS, ANDREW R. JASSY,
BRIAN T. OLSAVSKY, DAVID H. CLARK,
SHELLEY L. REYNOLDS, ADAM N.
SELIPSKY, DAVID ZAPOLSKY, KEITH B.
ALEXANDER, EDITH W. COOPER, JAMIE
S. GORELICK, DANIEL P.
HUTTENLOCHER, JUDITH A. MCGRATH,
INDRA K. NOOYI, JONATHAN J.
RUBINSTEIN, PATRICIA Q. STONESIFER,
WENDELL P. WEEKS, TOM A. ALBERG,
ROSALIND BREWER, AND THOMAS O.
RYDER,

Defendants,

– and –

AMAZON.COM, INC., a Delaware
Corporation,

Nominal Defendant.

Civil Action No.

VERIFIED STOCKHOLDER DERIVATIVE
COMPLAINT

DEMAND FOR JURY TRIAL

Plaintiff Stephen G. Nelson (“Plaintiff”), a citizen of Georgia, by his attorneys, submits this Verified Stockholder Derivative Complaint for Breach of Fiduciary Duty, Waste of Corporate Assets, and Unjust Enrichment. Plaintiff alleges the following on information and belief, except as to the allegations specifically pertaining to Plaintiff which are based on personal knowledge.

I. INTRODUCTION

1. This is a stockholder derivative action brought on behalf of and for the benefit of Amazon.com, Inc. (“Amazon” or the “Company”), against certain of its current and former officers and directors, seeking to remedy their breaches of fiduciary duty, waste of corporate assets, and unjust enrichment. Defendants’ actions, as set forth more fully herein, have caused substantial financial and reputational harm to Amazon.

2. Amazon is one of the world’s largest companies and includes businesses ranging from its well-known online retail business to grocery stores. The Company is a leading multinational technology company, specializing in e-commerce, cloud-based servicing, streaming and artificial intelligence. It is considered one of the “Big Four” technology companies together with Alphabet (Google), Apple and Meta (Facebook).

3. As a direct result of Defendants’ unlawful course of conduct, Amazon is now the subject of multiple class action lawsuits under the Illinois Biometric Information Privacy Act, 740 ILCS 14/1 *et seq.* (“BIPA”) (the “BIPA Class Actions”). and the Company has misled the investing public about its business and compliance.¹ The BIPA Class Actions set forth claims on behalf of

¹ See, e.g., *Cooper v. Amazon.com Inc et al*, No. 1:21CV04633 (N.D.Ill.), *Ragsdale v. Amazon Web Services, Inc.*, No. 1:20CV00560 (N.D.Ill.), *Naughton v. Amazon.com, Inc. et al*, No. 1:20CV06485 (N.D.Ill.), *Hryniewicki v. Amazon Web Services, Inc.*, No. 1:19CV07569 (N.D.Ill.), *Hogan v. Amazon.com Inc.*, No. 2:21CV00905 (W.D.Wash.), *McGoveran v. Amazon Web Services, Inc. et al*, No. 3:20CV00031 (S.D.Ill.), *Vance v. Amazon.com, Inc.*, No. 2:20CV1084 (W.D.Wash.); *Flores et al v. Amazon.com Inc et al*, No. 2:21CV00873 (W.D.Wash.), *Flores et al v. Amazon.com Inc et al*, No. 1:21CV04064 (N.D.Ill.), *Wilcosky v. Amazon.Com, Inc. et al*, No. 1:19CV05061 (N.D.Ill.), *Mayhall v. Amazon Web Services Inc et al*, No. 2:21CV01473 (W.D.Wash.), *Reid v. Amazon.com Inc. et al*, No. 1:21CV06010 (N.D.Ill.), *Schaeffer v. Amazon.com, Inc. et al*, No. 3:21CV01080 (S.D.Ill.), *McGoveran et al v. Amazon Web Services,*

1 numerous classes of consumers and employees asserting that, in direct violation of Illinois' BIPA
 2 statute, Amazon stored the biometric information of its employees, users, and its cloud-based
 3 clients' users, including minors, without informing them of these practices and without securing
 4 the users' written consent. The class actions also assert that Amazon violated BIPA by failing to
 5 develop a written policy, available to the public, establishing a retention schedule and guidelines
 6 for users to permanently destroy biometric identifiers when the initial purpose for collection was
 7 satisfied.

8 4. The Defendants named in this Complaint face liability to the Company for their
 9 misconduct, including, among other things: (i) failing to maintain an adequate system of oversight,
 10 accounting controls and procedures, disclosure controls, and other internal controls, which were
 11 necessary to prevent or promptly correct violations of the law and improper statements made on
 12 the Company's behalf; (ii) failing to ensure the Company's compliance with relevant legal and
 13 regulatory requirements, including, but not limited to, requirements imposed under biometric
 14 privacy laws as well as state and federal securities laws; (iii) directly participating in the improper
 15 schemes and misconduct described herein; (iv) disregarding red flags indicating inadequate
 16 internal controls over compliance with biometric privacy laws and indicating violations privacy
 17 laws; and (v) affirmatively making, allowing to be made, and/or failing to correct improper
 18 statements in SEC filings relating to the Company's operations, internal controls, legal
 19 proceedings, privacy compliance, and risks (including financial, operational, legal, regulatory and
 20 enforcement risks).

21 5. Due to the Amazon Board of Directors' (the "Board") knowledge of illegal conduct
 22 and involvement in the wrongdoing, its blatant failure to act (including to stop or correct violations
 23 of the law), its members' lack of independence, and the substantial likelihood of liability its
 24

25
 26 *Inc. et al*, No. 1:20CV01399 (D.Del.), *Svoboda v. Amazon.com Inc. et al*, No. 1:21CV05336
 (N.D.Ill.), *Dorian v. Amazon Web Services, Inc.*, No. 2:22-cv-00269 (W.D.Wash.).

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1 members face, any demand upon the Board to rectify this wrongdoing would be a wasteful, useless
2 and futile act. Accordingly, Plaintiff brings this action to remedy the harm to Amazon caused by
3 Defendants' faithless actions and inaction.

4 **II. JURISDICTION AND VENUE**

5 6. This Court has jurisdiction under 28 U.S.C. § 1332. Complete diversity among the
6 parties exists and the amount in controversy exceeds \$75,000, exclusive of interest and costs.

7 7. This Court has jurisdiction over each named Defendant.

8 8. Additionally, this Court has specific jurisdiction over each named Defendant herein
9 because each Defendant is either a corporation that conducts business in and maintains operations
10 in this District, or is an individual who has sufficient minimum contacts with this District so as to
11 render the exercise of jurisdiction by the District Court permissible under traditional notions of
12 fair play and substantial justice.

13 9. Venue is proper in this Court pursuant to 28 U.S.C. §1391 because: (i) Amazon
14 maintains executive offices in this District; (ii) one or more of the Defendants either resides in or
15 maintains executive offices in this District; (iii) a substantial portion of the transactions and wrongs
16 complained of herein, including the Defendants' primary participation in the wrongful acts detailed
17 herein, and aiding and abetting and conspiracy in violation of fiduciary duties owed to Amazon
18 occurred in this District; and (iv) Defendants have received substantial compensation in this
19 District by doing business here and engaging in numerous activities that had an effect in this
20 District.

21 **III. THE PARTIES**

22 **A. Plaintiff**

23 10. Plaintiff Stephen G. Nelson was stockholder of Amazon at the time of wrongdoing
24 complained of, has continuously been a stockholder since that time, and is a current Amazon
25 stockholder.

26 11. Plaintiff is a citizen of Georgia.

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B. Nominal Defendant

12. Nominal Defendant Amazon.com, Inc. is a publicly-traded Delaware corporation with its principal executive offices located at 410 Terry Avenue North, Seattle, Washington.

13. The Company's common stock trades on the NASDAQ under the ticker symbol "AMZN." Amazon has over 515 million shares of common stock outstanding.

C. Defendants

14. Defendant Jeffrey P. Bezos ("Bezos") is the founder and Executive Chair of Amazon's Board of Directors. Amazon has paid Defendant Bezos the following compensation:

Year	Salary	Stock Awards	All Other Compensation	Total
2021	\$81,840	-	\$1,600,000	\$1,681,840
2020	\$81,840	-	\$1,600,000	\$1,681,840
2019	\$81,840	-	\$1,600,000	\$1,681,840
2018	\$81,840	-	\$1,600,000	\$1,681,840

15. Upon information and belief, Defendant Bezos is a citizen of the State of Washington.

16. Defendant Andrew R. Jassy ("Jassy") is the President and Chief Executive Officer of Amazon and also serves on its Board of Directors. He founded Amazon Web Services and served as CEO of from April 2016 to July 2021.

17. Amazon has paid Defendant Jassy the following compensation:

Year	Salary	Stock Awards	All Other Compensation	Total
2021	\$175,000	\$211,933,520	\$592,649	\$212,701,169
2020	\$175,000	\$35,639,068	\$34,381	\$35,848,449
2019	\$175,000	-	\$173,809	\$348,809
2018	\$175,000	\$19,466,434	\$91,232	\$9,732,666

18. Upon information and belief, Defendant Jassy is a citizen of the State of Washington.

19. Defendant Brian T. Olsavsky ("Olsavsky") is the Senior Vice President and Chief Financial Officer of Amazon. Amazon has paid Defendant Olsavsky the following compensation:

Year	Salary	Stock Awards	All Other Compensation	Total
2021	\$160,000	-	\$3,200	\$163,200
2020	\$160,000	\$17,010,985	\$3,200	\$17,174,185
2019	\$160,000	-	\$3,200	\$163,200
2018	\$160,000	\$6,770,149	\$3,200	\$6,933,349

20. Upon information and belief, Defendant Olsavsky is a citizen of the State of Washington.

21. Defendant David H. Clark ("Clark") is the Chief Executive Officer of Worldwide Consumer. Amazon has paid Defendant Clark the following compensation:

Year	Salary	Stock Awards	All Other Compensation	Total
2021	\$175,000	\$55,589,120	\$310,451	\$56,074,571
2020	\$160,000	\$46,121,888	\$6,783	\$46,288,671

22. Upon information and belief, Defendant Clark is a citizen of the State of Texas.

23. Defendant Shelley L. Reynolds (“Reynolds”) is Amazon’s Vice President, Worldwide Controller and Principal Accounting Officer. Upon information and belief, Defendant Reynolds is a citizen of the State of Washington.

24. Defendant Adam N. Selipsky (“Selipsky”) is the Chief Executive Officer of Amazon Web Services. Amazon has paid Defendant Selipsky the following compensation:

Year	Salary	Stock Awards	All Other Compensation	Total
2021	\$109,722	\$81,294,756	\$49,045	\$81,453,523

25. Upon information and belief, Defendant Selipsky is a citizen of the State of Washington.

26. Defendant David Zapolsky (“Zapolsky”) is Amazon’s Vice President, General Counsel and Secretary. Amazon has paid Defendant Zapolsky the following compensation:

Year	Salary	Stock Awards	All Other Compensation	Total
2021	\$160,000	-	\$3,200	\$163,200
2020	\$160,000	\$17,010,985	\$3,200	\$17,174,185

27. Upon information and belief, Defendant Zapolsky is a citizen of the State of Washington.

28. Defendant Keith B. Alexander (“Alexander”) has served a director of the Company since September 2020. In addition, he also serves as a member of the Audit Committee. Amazon compensated Defendant Alexander at least \$934,297 in Stock Awards in 2020. Upon information and belief, Defendant Alexander is a citizen of the State of Michigan.

29. Defendant Edith W. Cooper (“Cooper”) has served as a director of the Company since September 2021. In addition, she also serves as a member of the Leadership Development

1 and Compensation Committee. Amazon compensated Defendant Cooper at least \$958,171 in
2 Stock Awards in 2021. Upon information and belief, Defendant Cooper is a citizen of the State of
3 Connecticut.

4 30. Defendant Jamie S. Gorelick (“Gorelick”) has served as a director of the Company
5 since February 2012. In addition, she also serves as Chair of the Nominating and Corporate
6 Governance Committee. Amazon compensated Defendant Gorelick at least \$938,533 in Stock
7 Awards in 2020 and \$952,741 in Stock Awards in 2018. Upon information and belief, Defendant
8 Gorelick is a citizen of State of Maryland.

9 31. Defendant Daniel P. Huttenlocher (“Huttenlocher”) has served as a director of the
10 Company since September 2016. In addition, he also serves as a member of the Leadership
11 Development and Compensation Committee. Amazon compensated Defendant Huttenlocher at
12 least \$951,489 in Stock Awards in 2019. Upon information and belief, Defendant Huttenlocher is
13 a citizen of the State of New York.

14 32. Defendant Judith A. McGrath (“McGrath”) has served as a director of the Company
15 since July 2014. In addition, she also serves as Chair of the Leadership Development and
16 Compensation Committee. Amazon compensated Defendant McGrath at least \$ 934,297 in Stock
17 Awards in 2020. Upon information and belief, Defendant McGrath is a citizen of the State of
18 California.

19 33. Defendant Indra K. Nooyi (“Nooyi”) has served as a director of the Company since
20 February 2019. In addition, she also serves as Chair of the Audit Committee. Amazon
21 compensated Defendant Nooyi at least \$901,729 in Stock Awards in 2019. Upon information and
22 belief, Defendant Nooyi is a citizen of the State of Connecticut.

23 34. Defendant Jonathan J. Rubinstein (“Rubinstein”) has served as a director of the
24 Company since December 2010. In addition, he also serves as Lead Director and as a member of
25 the Nominating and Corporate Governance Committee. Amazon compensated Defendant
26

1 Rubinstein at least \$951,489 in Stock Awards in 2019. Upon information and belief, Defendant
2 Rubinstein is a citizen of the State of California.

3 35. Defendant Patricia Q. Stonesifer (“Stonesifer”) has served as a director of the
4 Company since February 1997. In addition, she also serves as a member of the Nominating and
5 Corporate Governance Committee. Amazon compensated Defendant Stonesifer at least \$951,489
6 in Stock Awards in 2019. Upon information and belief, Defendant Stonesifer is a citizen of the
7 District of Columbia.

8 36. Defendant Wendell P. Weeks (“Weeks”) has served as a director of the Company
9 since February 2016. In addition, he also serves as a member of the Audit Committee. Amazon
10 compensated Defendant Weeks at least \$929,992 in Stock Awards in 2019 and at least \$999,026
11 in Stock Awards in 2021. Upon information and belief, Defendant Weeks is a citizen of the State
12 of New York.

13 37. Defendant Tom A. Alberg (“Alberg”) served as a director of the Company from
14 June 1996 until May 2019. In addition, he also served as a member of the Audit Committee. Upon
15 information and belief, Defendant Alberg is a citizen of State of Washington.

16 38. Defendant Rosalind Brewer (“Brewer”) served as a director of the Company from
17 February 2019 until February 16, 2021. Amazon compensated Defendant Brewer at least
18 \$929,992 in Stock Awards in 2019. Upon information and belief, Defendant Brewer is a citizen
19 of the State of Washington.

20 39. Defendant Thomas O. Ryder (“Ryder”) served as a director of the Company from
21 November 2002 until December 31, 2021. In addition, he served as a member of the Leadership
22 Development and Compensation Committee and as Chair of the Audit Committee. Amazon
23 compensated Defendant Ryder at least \$951,489 in Stock Awards in 2019. Upon information and
24 belief, Defendant Ryder is a citizen of the State of Washington.

25 40. Collectively, Defendants Bezos, Jassy, Olsavsky, Clark, Reynolds, Selipsky, and
26 Zapolsky are referred to herein as the “Officer Defendants.”

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41. Collectively, Defendants Bezos, Jassy, Alexander, Cooper, Gorelick, Huttenlocher, McGrath, Nooyi, Rubinstein, Stonesifer, Weeks, Alberg, Brewer, and Ryder are referred to herein as the “Director Defendants.”

42. Collectively, Defendants Alexander, Nooyi, Weeks, Alberg, and Ryder are referred to herein as the “Audit Committee Defendants.”

43. Collectively, Defendants Gorelick, Rubinstein, and Stonesifer are referred to herein as the “Nominating and Corporate Governance Committee Defendants.”

44. Collectively, Defendants Cooper, Huttenlocher, McGrath, and Ryder are referred to herein as the “Leadership Development and Compensation Committee Defendants.”

45. Collectively Defendants Bezos, Jassy, Olsavsky, Clark, Reynolds, Selipsky, Zapolsky, Alexander, Cooper, Gorelick, Huttenlocher, McGrath, Nooyi, Rubinstein, Stonesifer, Weeks, Alberg, Brewer, and Ryder are referred to herein as the “Individual Defendants.”

46. Collectively Defendants Bezos, Jassy, Alexander, Cooper, Gorelick, Huttenlocher, McGrath, Nooyi, Rubinstein, Stonesifer, and Weeks are referred to herein as the “Demand Board.”

IV. DEFENDANTS’ MISCONDUCT

A. Company Background

47. Founded in 1994, Amazon is now one of the world’s largest, most ubiquitous companies, as well as the world’s largest retailer outside of China. It is the second largest private employer in the United States and provides products and services including online retail, smart home devices, cloud computing, and media streaming—including its own film and television content.

48. Originally an online book retailer, Amazon quickly expanded into music and videos, and eventually electronics, toys, and other products prior to 2000. Presently, nearly any physical or digital product imaginable can be purchased on Amazon worldwide.

49. Further expanding on its retail business, Amazon launched its cloud-computing subsidiary, Amazon Web Services (AWS), in 2002. AWS provides a range of services to business

1 and individuals including web hosting, storage, distributed computing, and analytics. Amazon is
 2 now the largest cloud computing service provider in the world.² As part of the more than 200
 3 services provided to its customers, AWS regularly receives, processes, and stores personal
 4 information of various individuals that provide this information to its customers.

5 50. In 2014, Amazon began its foray into being an active presence in its customer's
 6 homes with its Alexa virtual assistant. Amazon's Alexa is now found on countless devices in
 7 millions of households, including on smartphones, televisions, speakers, as well as in Amazon's
 8 own Echo products. As part of its services, Amazon's Alexa recognizes and stores details related
 9 to voice patterns and makes and stores recordings of its interactions with users.

10 51. Amazon has three big "pillars:" the retail marketplace, Amazon Prime, and Amazon
 11 Web Services. Defendant Bezos, as the Company CEO, has described Alexa as the fourth "pillar"
 12 of Amazon and emphasized that "Privacy is the one aspect of Alexa that Amazon can't afford to
 13 screw up."

14 **B. Biometrics and Facial Recognition Technology**

15 52. Biometrics is the technical term for measurements used to identify people's unique
 16 physical characteristics. Examples of biometric identifiers include an individual's DNA,
 17 fingerprints, irises or retinas, voiceprints, and facial geometry. The uniqueness and potential
 18 permanence of biometric identifiers present an advantage for businesses to accurately identify and
 19 distinguish individuals. Businesses presently use biometrics in a wide variety of applications,
 20 including data collection.

21 53. One technological application of biometrics is facial recognition software. Facial
 22 recognition software uses biometrics to map facial features from a photograph or video. In
 23 particular, the software uses an algorithm that calculates a unique digital representation of the face

24
 25 ² [https://www.statista.com/chart/18819/worldwide-market-share-of-leading-cloud-infrastructure-](https://www.statista.com/chart/18819/worldwide-market-share-of-leading-cloud-infrastructure-service-providers/)
 26 [service-providers/](https://www.statista.com/chart/18819/worldwide-market-share-of-leading-cloud-infrastructure-service-providers/).

1 based on the geometric relationship of a person's facial features (such as the distance between their
2 eyes, ears, and nose), creating a face signature or map. The software then compares the
3 information with a database of known faces to find a match.

4 54. Facial recognition technology has been in use for many decades and is one of the
5 most widely used biometrics. Facial recognition technology uses the layout of facial features and
6 their distance from one another for identification against a “gallery” of faces with similar
7 characteristics. These characteristics can be derived from either a still or video images. Using
8 statistics, facial recognition algorithms can measure the differences between the face being
9 searched and the enrolled faces in a gallery. The smaller the difference, the more likely those faces
10 match.

11 55. Facial recognition technology is primarily used for three different types of
12 applications: First, facial recognition technology can anonymously characterize faces. This allows
13 for counting unique faces presented to the sensor over a period of time (sometimes called a “people
14 counter”). Other functions include estimating the age, gender, ethnic origin, and even body mass
15 index of each unique face thus encountered, usually for marketing purposes.
16 Second, facial recognition technology can verify a face against a known image. For example, this
17 would allow for confirmation that a face presented at a border checkpoint matches the digital face
18 embedded in a document. It also allows for access control, such as at the entrance of a building
19 with a known and restricted population. This function is typically called “verification.”
20 Third, facial recognition technology allows for identification of a face against a number of known
21 faces within a database. For example, this allows for the technology to see if a criminal or terrorist
22 in a surveillance video matches any mug shot photos of people previously arrested or convicted.
23 This function is typically called “identification.”³

24
25

³ <https://www.ibia.org/biometrics-and-identity/biometric-technologies/face>.

1 56. Facial recognition technology has improved over the past decade. Lower costs and
2 increased accuracy have allowed companies such as Amazon to deploy increasingly sophisticated
3 facial recognition software in their applications. However, this increased sophistication of these
4 applications raises serious privacy concerns.

5 57. Biometrics present significant potential privacy threats to the individual if it is
6 compromised, such as a heightened risk for identity theft. While biometrics have been touted as a
7 way to improve security and potentially limit fraud, the use of biometrics raise grave concerns
8 about potential constant and surreptitious surveillance of individuals by the government and
9 private entities. Additionally, if a person's biometric data is compromised, the harm could be
10 irreparable because this data would remain compromised. While other types of theft, such as
11 compromising of bank accounts or credit card numbers, can be mitigated by obtaining new account
12 information, people cannot obtain new biometric data facial bone structure or DNA. Additionally,
13 significant privacy concerns surround the use of biometric data. These concerns include
14 employers' ability to discover protected health information; ambiguous standards concerning
15 when biometric information can be shared, including with law enforcement; and multimodal big
16 data storage, in which multiple images and various types of biometrics are stored in a database for
17 widespread use.

18 58. Due to the growing concern over the use of biometrics and facial recognition
19 technology, state laws in Illinois and Texas prohibit commercial entities from capturing an
20 individual's biometric identifier without his or her consent. Both states also require businesses to
21 protect biometrics using a reasonable standard of care that is the same as, or more protective than,
22 that used for other confidential or sensitive information. They also prohibit selling or disclosing a
23 biometric without consent, with certain exceptions, such as for law enforcement purposes.

24 59. In addition, at least 19 states restrict using, disclosing or sharing biometric data by
25 either public or private entities, or require security measures, such as encrypting or properly
26

1 destroying records with biometrics. And at least 20 states have enacted legislation to protect the
2 personal biometric information of students or minors.

3 **B. The Illinois Biometric Information Privacy Act**

4 60. In 2008, the Illinois General Assembly enacted the Illinois BIPA to enhance the
5 state's "limited State law regulating the collection, use, safeguarding, and storage of biometrics[.]"
6 740 Ill. Comp. Stat. §14/5(e). BIPA defines a "biometric identifier" as including a "scan of hand
7 or face geometry." 740 Ill. Comp. Stat. §14/10. The legislature noted that "[b]iometrics are unlike
8 other unique identifiers that are used to access finances or other sensitive information," because
9 while social security numbers can be changed if compromised, biometric data are "biologically
10 unique to the individual," and "once compromised, the individual has no recourse, is at heightened
11 risk for identity theft, and is likely to withdraw from biometric-facilitated transactions." 740 Ill.
12 Comp. Stat. §14/5(c).

13 61. BIPA defines "biometric information" as:

14 a retina or iris scan, fingerprint, voiceprint, or scan of hand or face geometry.
15 Biometric identifiers do not include writing samples, written signatures,
16 photographs, human biological samples used for valid scientific testing or
17 screening, demographic data, tattoo descriptions, or physical descriptions such as
18 height, weight, hair color, or eye color. Biometric identifiers do not include donated
19 organs, tissues, or parts as defined in the Illinois Anatomical Gift Act or blood or
20 serum stored on behalf of recipients or potential recipients of living or cadaveric
21 transplants and obtained or stored by a federally designated organ procurement
22 agency. Biometric identifiers do not include biological materials regulated under
23 the Genetic Information Privacy Act. Biometric identifiers do not include
24 information captured from a patient in a health care setting or information collected,
25 used, or stored for health care treatment, payment, or operations under the federal
26 Health Insurance Portability and Accountability Act of 1996. Biometric identifiers
27 do not include an X-ray, roentgen process, computed tomography, MRI, PET scan,
28 mammography, or other image or film of the human anatomy used to diagnose,
prognose, or treat an illness or other medical condition or to further validate
scientific testing or screening.

740 ILCS 14/10.

62. “‘Biometric information’ means any information, regardless of how it is captured, converted, stored, or shared, based on an individual's biometric identifier used to identify an individual. Biometric information does not include information derived from items or procedures excluded under the definition of biometric identifiers.” 740 ILCS 14/10.

63. Under BIPA, a company may not collect or otherwise obtain a person or a customer's biometric identifier or biometric information without informing the subject in writing and securing a written release. Nor may a company profit from an individual's biometric identifiers and information. Moreover, companies must have a public, written policy establishing a retention schedule for biometric identifiers and information and guidelines for their permanent destruction. Specifically, section 14/15(a)-(e) of BIPA provides:

- a) A private entity in possession of biometric identifiers or biometric information must develop a written policy, made available to the public, establishing a retention schedule and guidelines for permanently destroying biometric identifiers and biometric information when the initial purpose for collecting or obtaining such identifiers or information has been satisfied or within 3 years of the individual's last interaction with the private entity, whichever occurs first. Absent a valid warrant or subpoena issued by a court of competent jurisdiction, a private entity in possession of biometric identifiers or biometric information must comply with its established retention schedule and destruction guidelines.
- b) No private entity may collect, capture, purchase, receive through trade, or otherwise obtain a person's or a customer's biometric identifier or biometric information, unless it first:
 - 1) informs the subject or the subject's legally authorized representative in writing that a biometric identifier or biometric information is being collected or stored;
 - 2) informs the subject or the subject's legally authorized representative in writing of the specific purpose and length of term for which a biometric identifier or biometric information is being collected, stored, and used; and
 - 3) receives a written release executed by the subject of the biometric identifier or biometric information or the subject's legally authorized representative.

c) No private entity in possession of a biometric identifier or biometric information may sell, lease, trade, or otherwise profit from a person's or a customer's biometric identifier or biometric information.

d) No private entity in possession of a biometric identifier or biometric information may disclose, redisclose, or otherwise disseminate a person's or a customer's biometric identifier or biometric information unless:

(1) the subject of the biometric identifier or biometric information or the subject's legally authorized representative consents to the disclosure or redisclosure; (2) the disclosure or redisclosure completes a financial transaction requested or authorized by the subject of the biometric identifier or the biometric information or the subject's legally authorized representative; (3) the disclosure or redisclosure is required by State or federal law or municipal ordinance; or (4) the disclosure is required pursuant to a valid warrant or subpoena issued by a court of competent jurisdiction.

e) A private entity in possession of a biometric identifier or biometric information shall: (1) store, transmit, and protect from disclosure all biometric identifiers and biometric information using the reasonable standard of care within the private entity's industry; and (2) store, transmit, and protect from disclosure all biometric identifiers and biometric information in a manner that is the same as or more protective than the manner in which the private entity stores, transmits, and protects other confidential and sensitive information.

64. Notably, section 20 of the BIPA provides for a private right of action. For negligent violations of the Act, BIPA provides for liquidated damages of \$1,000 or actual damages, whichever is greater for each violation; and in the case of intentional or reckless violations, statutory damages in the amounts of \$5,000 or actual damages, whichever is greater for each violation. BIPA also provides for reasonable attorneys' fees and costs, including expert witness fees and other litigation expenses; and BIPA provides for any other relief, including an injunction, as the state or federal court may deem appropriate.

C. Other State Laws Likewise Restrict Capture and Use of Biometric Data

65. Since 2009, Texas has also had a biometric privacy act that prohibits the capture of an individual's biometric identifiers for a commercial purpose unless the individual is first

1 informed and has consented to such data collection, the Capture or Use of Biometric Identifier Act
 2 (“CUBI”). The law also limits the sale or disclosure of an individual’s biometric information
 3 except under limited circumstances. In the law, “biometric identifier” means a retina or iris scan,
 4 fingerprint, voiceprint, or recording of hand or face geometry.

5 66. A violation of the Texas law is subject to a civil penalty of not more than \$25,000
 6 for each violation. The attorney general may bring an action to recover the civil penalty. Unlike
 7 BIPA, there is no statutory private right of action under the CBUI, but government enforcement
 8 for violation of the CBUI poses enforcement risks in the millions of dollars. Therefore, there is
 9 substantial civil exposure for noncompliance.

10 67. In 2017, the State of Washington became the third state to enact a targeted biometric
 11 privacy law, HB 1493. Since then, the states of Arkansas, California, and New York have
 12 expanded cybersecurity data breach notification statutes to include protections for biometric data.
 13 The states of Delaware, Michigan, Massachusetts, Arizona, and Alaska currently have legislation
 14 pending concerning protecting biometric data.

15 68. Underscoring the legal risks and magnitude of exposure, Facebook Inc.
 16 (“Facebook”) recently reached a \$650 million settlement for alleged violations of Illinois’
 17 Biometric Information Privacy Act for their use of facial recognition software without permission
 18 from affected users. The Texas Attorney General has sued Facebook for alleged violations of the
 19 Texas Business and Commercial Code, which contains provisions governing the collection,
 20 retention and disclosure of biometric data.

21 **D. Amazon’s Collection and Use of Biometric Data**

22 69. Rekognition, which launched in November 2016, is Amazon's core facial
 23 recognition product. Rekognition allows users to match new images of faces with existing, known
 24 facial images “based on their visual geometry, including the relationship between the eyes, nose,
 25 brow, mouth, and other facial features.” Rekognition is a cornerstone of many of Amazon's largest

1 consumer products and services, including its photo platform, Amazon Photos, its smart home
2 systems and cameras, and its virtual assistant technology, Alexa.

3 70. Amazon is also the largest provider of facial recognition technology to law
4 enforcement agencies. The Company has marketed its Rekognition software to agencies such as
5 the U.S. Immigration and Customs Enforcement and the Federal Bureau of Investigation, to
6 monitor individuals they consider “people of interest.” Amazon has also partnered with more than
7 1,300 law enforcement agencies, allowing them to use footage from their Ring home security
8 cameras in criminal investigations. Amazon has expanded these efforts marketing their facial
9 recognition software to government agencies despite warnings from consumers, employees,
10 members of Congress, and stockholders.

11 71. In July 2018, the American Civil Liberties Union of Northern California (“ACLU”)
12 published the results of a study it conducted regarding Rekognition's accuracy. According to the
13 study, Rekognition incorrectly matched twenty-eight members of the U.S. Congress to people who
14 had been arrested for a crime. The false matches disproportionately involved people of color. That
15 summer, nearly seventy civil rights and research organizations wrote a letter to Bezos demanding
16 that Amazon stop providing facial recognition technology to governments. In their letter, they
17 called the Company to “stand up for civil rights and civil liberties,” stating “Rekognition is a
18 powerful surveillance system readily available to violate rights and target communities of color.”
19 Amazon's own employees demanded the Company to stop selling its Rekognition facial
20 recognition software to law enforcement, citing concerns over the “unique threat to civil rights and
21 especially to the immigrants and people of color under attack by [President Donald J. Trump's]
22 administration.”

23 72. To improve the accuracy of its facial recognition products and technologies,
24 Amazon purportedly obtained a data set from IBM, referred to as the “Diversity in Faces Dataset”
25 after IBM made it available to for-profit companies in early 2019.

1 73. To access the Diversity in Faces Dataset, Amazon used the links provided by IBM
2 to download or otherwise obtain from the Flickr Dataset each photograph in order to associate the
3 biometric identifiers and information provided by IBM with the actual photographs to which the
4 biometric data related. Amazon's collection and use of the Diversity in Faces Dataset allowed it
5 to profit from such data, including data of Illinois residents obtained and used without their
6 consent, by allowing Amazon to improve the effectiveness of its own facial recognition technology
7 and products.

8 74. Additionally, Amazon Alexa and Echo devices are designed to record and respond
9 to communications immediately after an individual says a wake word (usually "Alexa" or "Echo").
10 If the wake word is recognized, Alexa records the ensuing communication and then transmits the
11 recording to Amazon's servers for interpretation and processing before receiving the relevant data
12 in response. Alexa also records surrounding voices and sounds once activated, including those not
13 spoken by the user conversing with Alexa. Amazon uses voice recognition technology to
14 surreptitiously collect, use and store voiceprints of its users to identify them, as well as using voice
15 pattern data in conjunction with other customer data for its recognition capabilities. Such
16 recordings are retained as part of a user's account unless a user actively deletes them. Alexa
17 capability can be found on more than 100 million devices sold since January 2020.⁴ These include
18 televisions, light bulbs, smart locks, phones, thermostats, appliances, speakers, and vehicles, in
19 addition to Amazon's own line of Echo products.

20 75. Finally, as part of Amazon's suite of services offered through Amazon Web
21 Services to its numerous commercial customers, AWS also stores various types of PII, including
22 biometric information, that is collected by those customers. Such information can include, for
23 example, fingerprints or hand scans of an AWS customer's employees for security and
24

25 ⁴ <https://www.cnet.com/home/smart-home/amazon-sees-alexa-devices-more-than-double-in-just-one-year/>
26

1 identification purposes. Additionally, AWS stores PII of the individual customers of its
 2 commercial AWS customers, such as voiceprints used to identify callers to a call center or even
 3 the scanned facial geometry of players of video games.

4 76. In and around September 2021, Amazon announced a series of new updates,
 5 focusing on the biometric capabilities of some of its hardware products, as well as on the
 6 company's AWS marketplace.⁵ By way of example, at its Enterprise Connect event on Monday
 7 September 27, 2021, the retail giant announced three new capabilities for Amazon Connect for
 8 contact centers. According to the company's new data, tens of thousands of AWS customers are
 9 supporting more than 10 million contact center interactions a day on Amazon Connect. The new
 10 platform updates employ voice biometrics via AWS's caller authentication tool Amazon Connect
 11 Voice ID. The biometric solution reportedly provides real-time caller authentication and enables
 12 voice access via machine learning by analyzing the caller's speech attributes, like rhythm, pitch,
 13 and tone. Another biometric update unveiled by Amazon at its product launch event related to the
 14 Echo Show 15, and its face biometrics capabilities. The novel Visual ID biometrics feature enables
 15 Alexa devices to show users personalized recommendations, calendars, to-do lists, and more when
 16 their faces enter the camera's field of vision.
 17
 18

19 **E. Violations of BIPA Have Exposed the Company to Substantial Harm**

20 77. In direct violation of Illinois' BIPA statute, Amazon stored and continues to store
 21 its employees, its users' and its clients' users' biometric information without informing them of
 22 these practices and without securing the users' written consent. Amazon also violates BIPA by
 23 failing to develop a written policy, available to the public, establishing a retention schedule and
 24

25 ⁵[https://www.biometricupdate.com/202109/amazon-unveils-series-of-face-and-voice-biometrics-](https://www.biometricupdate.com/202109/amazon-unveils-series-of-face-and-voice-biometrics-updates)
 26 [updates](https://www.biometricupdate.com/202109/amazon-unveils-series-of-face-and-voice-biometrics-updates).

1 guidelines for users to permanently destroy biometric identifiers when the initial purpose for
2 collection was satisfied.

3 78. These violations have exposed Amazon to substantial harm resulting to date in at
4 least fourteen separate class action lawsuits for violation of BIPA, a sample of which are set forth
5 below. In connection with these class action lawsuits, Amazon has already expended significant
6 monetary resources and risks astronomical liability when the actions are concluded.

7 79. On June 26, 2019, a state consumer class action lawsuit was filed on behalf of
8 Amazon users in the Circuit Court of Cook County Illinois (the “Wilcosky Class Action”). The
9 Wilcosky Class Action, which includes a subclass for individuals who do not have Alexa accounts
10 (“bystanders”) and a subclass for minors, asserted causes of action under section 14/15(b) and (a)
11 of Chapter 740 of the Illinois Compiled Statutes. Specifically, the plaintiffs asserted that
12 Amazon’s Alexa and Echo devices capture, collect and retain voiceprints of any and all people
13 who speak near Alexa devices, regardless of age or affiliation with Amazon. And in an effort to
14 improve the voice and speech recognition technology, Amazon then retains every voice recording
15 created by the user and any individual who happens to be speaking near the Alexa device.
16 Plaintiffs there assert that Amazon never informed them, by written notice or otherwise, that
17 Amazon collected, stored, and used their biometric identifiers and information, or of the specific
18 purpose and length of term for which their biometric identifiers were being collected, stored, and
19 that Amazon does not publicly provide a retention schedule or guidelines for permanently
20 destroying their biometric data. Plaintiffs seek damages in the amount of \$1,000 for negligent and
21 \$5,000 for intentional violation of BIPA, *per violation*. Amazon removed the action to federal
22 district court for the Northern District of Illinois on July 26, 2019.

23 80. On October 8, 2019, a putative Class Action Complaint was filed alleging that AWS
24 unlawfully obtained and stored class members biometrics information and identifiers in violation
25 of Illinois’ Biometric Information Privacy Act (“BIPA”), 740 ILCS 14/1, et seq. (the “Hryniewicki
26 Class Action”). The Hryniewicki Class Action asserted causes of action under section 14/15(a)-

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(b) of Chapter 740 of the Illinois Compiled Statutes. Specifically, the plaintiffs asserted that Amazon offers cloud storage for businesses that handle biometric identifiers and biometric information and that BIPA regulates both the conduct of the entities that capture biometric data and companies that store data and information derived from those biometric identifiers. AWS failed to implement a publicly available biometric data retention and destruction policy as required by Section 15(a) of BIPA. They also assert that Amazon never informed them, by written notice or otherwise, of the specific purpose and length of term for which their biometric identifiers were being collected, stored, and used and never obtained written consent for the same, all in violation of Section 15(b) of BIPA. Plaintiffs seek damages in the amount of \$1,000 for negligent and \$5,000 for intentional violation of BIPA, *per violation*. Amazon removed the action to federal district court for the Northern District of Illinois on November 15, 2019.

81. On November 15, 2019, a state consumer class action lawsuit was filed in the Circuit Court of Cook County, Chancery Division on behalf of plaintiffs whose biometric data is stored by Amazon (the “Ragsdale Class Action”). The Ragsdale Class Action asserted causes of action under section 14/15(a) and (b) of Chapter 740 of the Illinois Compiled Statutes. Specifically, the plaintiffs asserted that as a leading cloud provider in the United States, Amazon Web Services, Inc. offers cloud storage services for businesses that handle biometric identifiers and biometric information, including employers that collect biometric information on their employees. Plaintiffs assert that despite possessing plaintiffs’ biometric data, AWS failed to implement a publicly available biometric data retention and destruction policy as required by Section 15(a) of BIPA. They also assert that Amazon never informed them, by written notice or otherwise, of the specific purpose and length of term for which their biometric identifiers were being collected, stored, and used and never obtained written consent for the same, in violation of Section 15(b) of BIPA. On January 24, 2020, AWS removed the action to the federal District Court for the Northern District of Illinois, expressly pleading for purposes of removal that the

1 amount in controversy exceeds the jurisdictional minimum of \$5,000,000 and calculating damages
2 as high as \$10,000,000.

3 82. On October 16, 2020, a federal consumer class action lawsuit was filed against
4 Amazon Web Services Inc. and Pindrop Security Inc. on behalf of Illinois citizens who used
5 Amazon Connect and Pindrop's voice authentication and/or fraud detection technology during the
6 specified class period (the "McGovern Class Action"). The McGovern Class Action asserted
7 causes of action under section 14/15(a)-(e) of Chapter 740 of the Illinois Compiled Statutes.
8 Specifically, the plaintiffs asserted that Amazon collected, captured, obtained, possessed and
9 disseminated the biometric voice identifiers of plaintiffs for profit and without their consent in
10 violation of BIPA. Plaintiffs further assert that Amazon failed to use reasonable standards of care
11 in storing and protecting Plaintiffs' biometric information and biometric identifiers in violation of
12 BIPA. Plaintiffs seek damages in the amount of \$1,000 for negligent and \$5,000 for intentional
13 violation of BIPA, *per violation*.

14 83. On September 28, 2020, a state employee class action lawsuit was filed on behalf
15 of Amazon employees in the Circuit Court of Cook County, Illinois County Department, Chancery
16 Division (the "Jerinic Class Action"). The Jerinic Class Action asserted causes of action against
17 Amazon.com Inc. and Amazon.com LLC under section 14/15(a), (b) and (d) of Chapter 740 of the
18 Illinois Compiled Statutes. Specifically, the plaintiffs asserted that, as employees, plaintiffs were
19 required to have facial geometry scanned by a facial recognition camera and to have their
20 temperatures taken before entering work and that this information is scanned, tracked, uploaded
21 and stored in violation of BIPA. Plaintiff employees seek damages in the amount of \$1,000 for
22 negligent and \$5,000 for intentional violation of BIPA, *per violation*. Amazon removed the action
23 to federal district court for the Northern District of Illinois on October 30, 2020.

24 84. On June 11, 2021, Plaintiffs Angela Hogan ("Hogan") and B.H., a minor, brought
25 a putative class action against Amazon.com, Inc. (the "Hogan Class Action") in the Circuit County
26 of Cook Illinois, which action was removed to the U.S. District Court for the Northern District of

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1 Illinois. A First Amended Complaint was filed in federal court on July 21, 2021. The Hogan Class
 2 Action asserted claims for violation of Section 15 (a)—(c) of the Illinois Biometric Information
 3 Privacy Act (“BIPA”), 740 ILL. COMP. STAT. §§ 14/1—14/99 (2008) and for unjust enrichment.
 4 Specifically, the plaintiffs asserted that the biometric identifiers—scans of facial geometry—of
 5 untold millions of people were obtained, stored, and analyzed by Amazon’s Rekognition from the
 6 billions of images uploaded to Amazon Photos daily in violation of BIPA. Plaintiffs seek damages
 7 in the amount of \$1,000 for negligent and \$5,000 for intentional violation of BIPA, *per violation*.
 8 On March 30, 2022, the court denied Amazon's Motion to Dismiss as to Plaintiff's BIPA claims.

9 85. These and numerous additional class action lawsuits known to the Board for many
 10 years have placed the Company and the Board on notice of mounting and potential catastrophic
 11 harm to the Company and its shareholders. Notably, BIPA provides that an aggrieved party can
 12 obtain damages on a “per violation” – not a “per person” – basis. Thus, the potential damages
 13 recoverable against Amazon are astronomical to the point that Company could be put out of
 14 business if the violations are not immediately addressed, stopped and remedied.

15 86. On top of these BIPA class actions, Amazon has faced over 75,000 individual
 16 arbitration demands for privacy violations by devices deploying Alexa, forcing Amazon to foot
 17 the bill for tens of millions of dollars in case initiation fees due under its own arbitration policy –
 18 not to mention Amazon’s own attorneys’ fees as well as damages and attorneys’ fees in any
 19 arbitration awards.⁶

20 87. The expense and burden of these cases, as well as additional cases, on the Company
 21 is substantial. In addition to direct harms from liability suits, the Individual Defendants’ conduct
 22
 23

24 ⁶ See Michael Corkery, *Amazon Ends Use of Arbitration for Customer Disputes*, N.Y. TIMES, (July
 25 22, 2021), [https://www.nytimes.com/2021/07/22/business/amazon-arbitration-customer-](https://www.nytimes.com/2021/07/22/business/amazon-arbitration-customer-disputes.html)
 26 [disputes.html](https://www.nytimes.com/2021/07/22/business/amazon-arbitration-customer-disputes.html) (reporting that each arbitration demand cost Amazon about \$2,900 at the outset –
 27 which would equal \$217 million for 75,000 arbitration demands).

1 also jeopardizes and harms one of Amazon's most important (and fragile) assets: consumer trust.
 2 Reputational damage is particularly devastating for technology companies like Amazon.

3 **F. Defendants Made or Allowed Improper Public Statements**

4 88. Amazon has in place a Code of Business Conduct and Ethics. The very first
 5 principle it espouses states, "Employees must follow applicable laws, rules and regulations at all
 6 times. Employees with questions about the applicability or interpretation of any law, rule or
 7 regulation, should contact the Legal Department."

8 89. Amazon's Code of Business Conduct and Ethics also applies equally to its
 9 directors, stating "With respect to their service on behalf of the Company, Amazon.com's Board
 10 of Directors must comply with the relevant provisions of this Code of Conduct, including conflicts
 11 of interest, insider trading and compliance with all applicable laws, rules and regulations."

12 90. Defendants have known for years of the significant risks to the Company related to
 13 laws regarding privacy and disclosed such risks to investors.

14 91. At least as early as 2019, Defendants knew that Amazon was actively engaged in
 15 activities that were potentially illegal in nature. For example, in its 2019 10-K, Amazon disclosed
 16 that it was using facial recognition software in its Rekognition database. The Company disclosed
 17 that it knew that there were ambiguities or uncertainties in how existing laws should apply to facial
 18 recognition technology. 2019 10-K at p. 12.⁷ While Amazon's official position appears to cloud
 19 the possible illegality of its actions, multiple shareholders expressly commented in April and May
 20 of 2019 that these actions violated BIPA and potentially violated customers' and human rights.⁸

23 ⁷ This 10-K was signed on January 31, 2019 by Defendants Bezos, Olsavsky, Reynolds Alberg,
 24 Gorelick, Huttenlocher, McGrath, Rubinstein, Ryder, Stonesifer, and Weeks.

25 ⁸ See Rule 14a-103 Notice of Exempt Solicitation, Shareholder Rebuttal to Amazon.com, Inc., at
 26 p. 7 (Form PX14A6G) (May 1, 2019); see also Rule 14a-103 Notice of Exempt Solicitation,
 27 Shareholder Rebuttal to Amazon.com, Inc., at p. 6 (Form PX14A6G) (April 25, 2019).

Specifically, shareholders promoting a proposal observed there is insufficient board oversight related to Rekognition:

[We] are concerned that the Amazon board is not equipped to adequately identify and assess the risks posed by Rekognition. The directors overall lack expertise that would give them the background or tools to assess the human rights impacts of machine learning, artificial intelligence, and the primary technologies behind a product like Rekognition. One possible exception is director Daniel Huttenlocher, who holds a Ph.D in Computer Science from MIT and hails an interest in “emerging technologies.” The board also lacks any governance committee tasked with overseeing these risks. This is another reason why sales should be stopped until an independent group of experts has the ability to assess the risks and advise the board on whether or how it could proceed with sales of Rekognition to governments.⁹

92. Additionally, according to shareholders, Directors ignored shareholder concerns about the sale of biometrics and facial recognition software to law enforcement:

On June 15th, 2018, the lead proponent of this resolution was also the lead signatory on an initial letter by 19 financial services firms holding Amazon stock, including wealth management companies and registered investment advisors, raising strong objections to the introduction of the Company’s facial recognition technology. Not only did Amazon not reply to the initial communication, there was no acknowledgment of receipt of the communication. Such initial issues raised specifically included “substantial risks for our Company negatively impacting our Company’s stock valuation and increasing financial risk for shareholders.” The June 15th, 2018 letter also stated: “...*we have seen no evidence of our Board of Directors conducting fiduciary oversight on how Rekognition may or may not, should or should not, be deployed.* The recent experience and scrutiny of Facebook demonstrated the degree to which these new issues may undermine company value as the detrimental impacts on society become clear. While Rekognition may be intended to enhance some law enforcement activity, we are deeply concerned it may ultimately violate civil and human rights.”¹⁰

⁹ See Rule 14a-103 Notice of Exempt Solicitation, Shareholder Rebuttal to Amazon.com, Inc., at p. 9 (Form PX14A6G) (May 1, 2019); see also Rule 14a-103 Notice of Exempt Solicitation, Shareholder Rebuttal to Amazon.com, Inc., at p. 9 (Form PX14A6G) (April 25, 2019).

¹⁰ Rule 14a-103 Notice of Exempt Solicitation, Shareholder Rebuttal to Amazon.com, Inc., at p. 4 (Form PX14A6G) (May 1, 2019) (emphasis supplied).

1 93. Again, in Amazon’s 2022 Proxy Statement, the current Board dismissed continued
 2 shareholder concerns about risks the Company faces from its violations of consumer privacy. The
 3 Board responded to shareholder concerns by attempting to reassure shareholders that: “Our Board
 4 has reviewed Amazon Rekognition, along with other programs, as part of numerous AWS business
 5 reviews.”¹¹

6 94. The Board disregarded the shareholder concerns that Amazon is exposed to
 7 financial, reputational, regulatory, legal, and human capital management risk due to its sales of
 8 Rekognition.

9 95. The SEC added that “a number of other [Amazon] products – Alexa, Ring, and
 10 [Wi-Fi systems called] Eero – will face a spillover effect if Amazon’s status as a trusted company
 11 is breached...”¹²

12 96. In Amazon’s 2020 10-K, the Company again expressly discloses its knowledge of
 13 laws and regulations covering “privacy, data protection, data security, network security, consumer
 14 protection” as well as a number of others. Amazon.com, Inc. Annual Report (Form 10-K), at pp.
 15 13, 59 (February 3, 2021). These laws include biometric information regulation. Similar
 16 disclosures are in Amazon’s 2021 10-K. *See* Amazon.com, Inc. Annual Report (Form 10-K), at
 17 pp. 13-14, 59 (February 4, 2022).

18 97. The Company’s annual reports fail to properly report on and obscure the magnitude
 19 of the Company’s exposure in the BIPA Class Actions and mislead investors as to the astronomical
 20 financial, operational, legal, regulatory and enforcement risks of violating BIPA and of the actions
 21 already pending against the Company.
 22

23
 24 ¹¹ Amazon.com, Inc., 2022 Proxy Statement (Schedule 14A), p. 86 (April 14, 2022).

25 ¹² *See* Amazon.com, Inc., SEC Division of Corporation Finance Letter, <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2019/johnharringtonetal032819-14a8.pdf>, at p. 6 (March 28, 2019).
 26

1 98. Despite detailing numerous other specific legal matters, including specific cases
 2 involving patents, labor issues and Fair Credit Reporting (and the financial and operational risks
 3 attendant to those matters), Amazon’s 10Ks for 2019, 2020, and 2021 universally fail to apprise
 4 shareholders of the BIPA class actions, the mounting *per violation* statutory fines and the
 5 potentially devastating effects to the Company posed by violation of BIPA and these pending class
 6 actions.

7 99. Moreover, the Board’s responses to shareholder concerns reveals a lack of
 8 safeguards, a failure to oversee legal compliance issues, conscious disregard of the law, and a
 9 conscious choice to turn a blind eye to Amazon’s conduct and the Board’s oversight
 10 responsibilities. When dismissing various shareholder concerns about facial recognition software,
 11 the Board stated: “In internal accuracy tests of Amazon Rekognition’s facial recognition features,
 12 [Amazon Web Services] evaluated photos from a publicly available dataset of 1 million face
 13 images and found zero false positive matches at a 99% confidence level...”¹³ The Board
 14 carelessly referenced this testing and use of “1 million face images” to promote and excuse its
 15 actions. Rather than vindicate the actions of the Company and provide value to the Company, that
 16 conduct led to a class action lawsuit for violations of BIPA and exposed the Company to significant
 17 liability. The aforementioned “publicly available dataset” with the biometric data of 1 million
 18 people contained the biometric data of Illinois residents without their consent. In 2020, Illinois
 19 residents brought a class action against Amazon for precisely the misconduct the Board reviewed
 20 and celebrated. *See Stephen Vance et al. v. Amazon.com, Inc.*, No. 2:20-cv-01084 (W.D. Wash.
 21 July 14, 2020). These statements were approved by the Board at the time, which included
 22 Defendants Bezos, Alberg, Brewer, Gorelick, Huttenlocher, McGrath, Nooyi, Rubinstein, Ryder,
 23 Stonesifer, and Weeks.

24
 25
 26 ¹³ See Schedule 14A - Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act
 of 1934, filed on April 11, 2019, at pp. 20, 23.

100. The Company unsuccessfully attempted to suppress and omit from its 2019 Proxy Statement the shareholder concerns raised in two shareholder proposals referenced above. The SEC found Amazon's "facial recognition software is a high visibility offering of an estimated \$23 billion revenue segment of the Company, Amazon Web Services."¹⁴ Amazon Web Services has since grown even more lucrative for the Company, with the Company reporting the segment had \$62 billion in revenue and \$18 billion in operating income in 2021.

101. As with Amazon's 2019 Proxy Statement, the Board's statements in the 2020 Proxy Statement dismiss shareholder concerns about the risks and privacy implications of Amazon's facial recognition software. These statements were approved by the Board at the time, which included Defendants Bezos, Brewer, Gorelick, Huttenlocher, McGrath, Nooyi, Rubinstein, Ryder, Stonesifer, and Weeks.

102. Despite Defendants' plain understanding that the Company's actions violated BIPA and were illegal, the Defendants permitted the Company to make false statements about their compliance. Moreover, no action was taken to prevent the Company from violating BIPA and similar statute statutes in other states and improperly exposing the Company to the significant legal exposure it now faces. Additionally, Defendants' actions also violate Amazon's corporate policy as set forth in Paragraphs 88-89 above.

V. DEFENDANTS' DUTIES

A. Defendants' Fiduciary Duties

103. By reason of their positions as officers and/or directors of Amazon and because of their responsibility to control the business and corporate affairs of the Company, the Individual Defendants owed, and owe, the Company and its stockholders the fiduciary obligations of good

¹⁴ See Amazon.com, Inc., SEC Division of Corporation Finance Letter, <https://www.sec.gov/divisions/corpfin/cf-noaction/14a-8/2019/johnharringtonetal032819-14a8.pdf>, at p. 6 (March 28, 2019).

1 faith, loyalty, due care, and candor and were, and are, required to use their utmost ability to control
2 and manage the Company in a just, honest, fair, and equitable manner. Each Individual Defendant
3 owed, and owes, the Company and its stockholders the fiduciary duty to exercise good faith and
4 diligence in the administration of the affairs of the Company, as well as the highest obligations of
5 fair dealing and not to act in furtherance of his or her personal interest or benefit.

6 104. Because of their positions of control and authority as officers and/or directors of
7 Amazon, Defendants were able to, and did, directly and/or indirectly, exercise control over the
8 wrongful and illegal acts complained of herein. Because of their advisory, executive, managerial,
9 and directorial positions with Amazon, each Defendant had knowledge of material, nonpublic
10 information regarding the Company. In addition, as officers and/or directors of a publicly held
11 company, Defendants had a duty to promptly disseminate accurate and truthful information with
12 regard to the Company's business, operations, and prospects including accurate information
13 concerning financial, operational, legal regulatory and enforcement risks, so that the market price
14 of the Company's stock would be based on truthful and accurate information.

15 105. At all times relevant hereto, each Defendant was the agent of each of the other
16 Defendants and of Amazon and was at all relevant times acting within the course and scope of
17 such agency.

18 106. To discharge their duties, Defendants were, and are, required to exercise reasonable
19 and prudent oversight and supervision over the management, policies, practices, and controls of
20 Amazon. By virtue of such duties, Defendants were, and are, required to, among other things:

21 (a) Exercise good faith to ensure that the Company is operated in a diligent,
22 efficient, honest, and prudent manner and in accordance with all applicable laws (including federal
23 and state laws, government rules and regulations, and the Company's certificate of incorporation
24 and bylaws);

25 (b) Neither violate nor knowingly permit any officer, director, or employee of
26 Amazon to violate any applicable laws, rules, or regulations;

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(c) Remain informed as to the status of Amazon's operations, and upon receipt or notice of information of illegal, imprudent or unsound practices, to make a reasonable inquiry in connection thereto and to take steps to correct such conditions or practices;

(d) Establish and maintain systematic and accurate records and reports of the business and affairs of Amazon and procedures for the reporting of the Company's business and affairs to the Board and to periodically investigate, or cause independent investigation to be made of, said reports and records;

(e) Maintain and implement an adequate, functioning system of internal controls, such that the affairs and operations of Amazon are conducted in accordance with all applicable laws, rules, and regulations; and

(f) Truthfully and accurately inform and guide investors and analysts with respect to the business operations of the Company.

B. Additional Duties of the Audit Committee Defendants

107. In addition to the duties discussed above with respect to all of the Individual Defendants, the Audit Committee Defendants owed specific duties to Amazon under the Audit Committee Charter ("Audit Charter"). Among other things, the Audit Charter charges the Audit Committee Defendants with the following authority and responsibilities, among others:

(a) The Committee reviews and discusses with management and the independent auditors the annual audited and quarterly unaudited financial statements and related disclosures included in the Company's quarterly earnings releases and in the Company's periodic reports on Form 10-K and 10-Q.

(b) The Committee discusses with management, the senior internal audit executive and the independent auditors the adequacy and effectiveness of the Company's disclosure controls and procedures, the adequacy and effectiveness of the Company's internal control over financial reporting, and the Company's risk assessment and risk management policies, including data privacy and security, business continuity, and operational risks.

(c) The Committee oversees legal and regulatory matters that may have a material impact on the Company's financial statements and the Company's

Code of Business Conduct and Ethics (other than with respect to workplace discrimination and harassment). The Committee periodically reviews the Company's compliance policies and procedures, and receives and reviews certain reports on complaints, allegations, and incidents reported pursuant to the Code of Business Conduct and Ethics or through the Company's other hotlines and procedures.

C. Additional Duties of the Nominating and Corporate Governance Committee Defendants

108. In addition to the duties discussed above with respect to all of the Individual Defendants, the Nominating and Corporate Governance Committee Defendants owed specific duties to Amazon under the Nominating and Corporate Governance Committee Charter ("NCGC Charter"). Among other things, the NCGC Charter charges the Nominating and Corporate Governance Committee Defendants with the following authority and responsibilities, among others:

- (a) The Committee oversees and monitors the Company's policies and initiatives relating to corporate social responsibility, including human rights and ethical business practices, and risks related to the Company's operations and engagement with customers, suppliers, and communities, other than with respect to human capital management matters, which are overseen by the Leadership Development and Compensation Committee, and compliance and controls matters, which are overseen by the Audit Committee.
- (b) The Committee oversees the Company's corporate governance initiatives and periodically considers, and reports to the Board on, corporate governance policies. In connection with this responsibility, the Committee develops and periodically reviews the Corporate Governance Guidelines and recommends changes to the Board.

109. "Under its charter, the Nominating and Corporate Governance Committee, which is comprised of directors with experience in emerging technologies and public policy, is given responsibility for overseeing and monitoring the Company's policies and initiatives relating to corporate social responsibility, including human rights and ethical business practices, and risks

1 related to the Company's operations and engagement with customers, suppliers, and
2 communities."¹⁵

3 110. The Nominating and Corporate Governance Committee Defendants have allegedly
4 provided oversight on behalf of the Board on aspects of Rekognition, including its facial
5 recognition capabilities. "These reviews focus on the actual operation and use of Amazon
6 Rekognition, the potential concerns and abuses that critics have suggested could arise from the
7 technology, and our actions to resolve or mitigate those risks and concerns."¹⁶
8

9 **D. Additional Duties of the Leadership Development and Compensation**
10 **Committee Defendants**

11 111. In addition to the duties discussed above with respect to all of the Individual
12 Defendants, the Leadership Development and Compensation Committee Defendants owed
13 specific duties to Amazon under the Leadership Development and Compensation Committee
14 Charter ("LDCC Charter"). Among other things, the LDCC Charter charges the Leadership
15 Development and Compensation Committee Defendants with the following authority and
16 responsibilities, among others:

- 17 (a) Overseeing and monitoring the Company's strategies and policies related to
18 human capital management within the Company's workforce, including
19 with respect to policies on diversity and inclusion, workplace environment
20 and safety, and corporate culture.
- 21 (b) The Committee establishes and reviews the compensation of the
22 Company's Chief Executive Officer ("CEO") and all other executive
23 officers, including establishing terms of employment for new executive
24 officers; periodically reviewing and approving compensation for existing
25 executive officers; reviewing and approving any compensation-related
26 performance goals, including evaluating the satisfaction of such goals; and
27 approving the terms associated with any executive officer's termination of
28 employment....

25 ¹⁵ Amazon.com, Inc., 2022 Proxy Statement (Schedule 14A), p. 86 (April 14, 2022).

26 ¹⁶ *Id.*

VI. DAMAGES TO AMAZON

112. As a direct and proximate result of Defendants' misconduct, actions and failure to act, Amazon has suffered and continues to suffer significant harm, including, but not limited to:

(a) Legal and other costs incurred, and the distraction of, investigating and defending Amazon—including its subsidiaries such as AWS—in the BIPA Class Actions, as well as potentially hundreds of millions of dollars in damages in connection with any settlement of or judgment in the BIPA Class Actions or any related litigation;

(b) Legal and other costs incurred due to an increase in regulatory scrutiny of Amazon's future products and services;

(c) Costs incurred related to any corrective measures or changes to Amazon's products or services in order to comply with BIPA and/or similar additional laws or regulations;

(d) The irreparable harm to the Company's reputation, loss of credibility, and loss of goodwill associated with the Company's continued privacy law violations (including violations of BIPA) and its failure to properly disclose the associated risks in its public statements concerning its business, operations, and prospects;

(e) Costs incurred from compensation and benefits paid to Defendants and other members of Amazon's management while they were engaged in the improper conduct alleged herein; and,

(f) Mounting risk of catastrophic statutory damages on a *per violation* basis, with millions of violations occurring daily each and every time biometric data is captured and stored on Amazon devices, third party data is stored in Amazon cloud-based services, and data is captured concerning Amazon employees.

VII. CONSPIRACY, AIDING AND ABETTING, AND CONCERTED ACTION

113. In committing the wrongful acts alleged herein, Defendants have pursued, or joined in the pursuit of, a common course of conduct and have acted in concert with and conspired with one another in furtherance of their common plan or design. In addition to the wrongful conduct

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1 alleged herein giving rise to primary liability, Defendants further aided and abetted and/or assisted
2 each other in breaching their respective duties.

3 114. During all times relevant hereto, Defendants, collectively and individually, initiated
4 a course of conduct that was designed to and did, among other things: (i) deceive the investing
5 public including stockholders of Amazon; and (ii) permit flawed and ineffectual internal controls
6 over the Company's operations. In furtherance of this plan, conspiracy, and course of conduct,
7 Defendants, collectively and individually, took the actions set forth herein.

8 115. Defendants engaged in a conspiracy, common enterprise, and/or common course of
9 conduct. During this time, Defendants caused and/or allowed the improper conduct described
10 herein.

11 116. The purpose and effect of Defendants' conspiracy, common enterprise, and/or
12 common course of conduct was, among other things, to disguise Defendants' violations of state
13 and federal law, breaches of fiduciary duty, waste of corporate assets, unjust enrichment, and to
14 conceal adverse information concerning the Company's business, operations, and future prospects.

15 117. Defendants accomplished their conspiracy, common enterprise, and/or common
16 course of conduct by causing the Company to purposefully or recklessly engage in the improper
17 conduct described herein. Because Defendants' actions occurred under the authority of the Board,
18 each Defendant was a direct, necessary, and substantial participant in the conspiracy, common
19 enterprise, and/or common course of conduct complained of herein.

20 118. Each Defendant aided and abetted and rendered substantial assistance in the wrongs
21 complained of herein. In taking such actions to substantially assist the commission of the
22 wrongdoing complained of herein, each Defendant acted with knowledge of the primary
23 wrongdoing, substantially assisted in the accomplishment of that wrongdoing, and was aware of
24 his or her overall contribution to and furtherance of the wrongdoing.

VIII. DERIVATIVE ALLEGATIONS

119. Plaintiff brings this action derivatively in the right and for the benefit of the Company to redress injuries suffered, and to be suffered, by Amazon as a direct result of the breaches of fiduciary duty, waste of corporate assets, and unjust enrichment by the Individual Defendants.

120. Amazon is named as the nominal defendant in this case solely in a derivative capacity. This is not a collusive action to confer jurisdiction on this Court that it would not otherwise have.

121. Plaintiff will adequately and fairly represent the interests of the Company and its stockholders in prosecuting this action.

122. Due to the Board's direct involvement in the wrongdoing, its members' lack of independence, and the substantial likelihood of liability its members face, prosecution of this action independent of the Board is in the best interests of the Company and its stockholders.

IX. FUTILITY ALLEGATIONS

123. Plaintiff incorporates by reference all prior paragraphs as if fully set forth herein.

124. Amazon's current Board, the "Demand Board," consists of eleven members, Bezos, Jassy, Alexander, Cooper, Gorelick, Huttenlocher, McGrath, Nooyi, Rubinstein, Stonesifer, and Weeks. Plaintiff has not made any demand on the Board to institute this action because such a demand would be a futile and useless act.

A. Demand Is Excused as to Defendants Bezos and Jassy Because They Lack Independence

125. Both Defendants Bezos and Jassy fall under the NASDAQ's definition of directors who are not independent. According to the NASDAQ's rules regarding listing, a director is not independent if he or she is, or has been within the last three years, an employee or an executive officer of the listed company. Because Defendant Jassy is Amazon's current President and CEO, he may not be considered independent. Likewise, Defendant Bezos may not be considered

1 independent as he served as its CEO from Amazon's founding up until July 2021. The Company's
 2 2022 Proxy Statement does not indicate that Defendants Bezos and Jassy are "independent" as
 3 defined by the NASDAQ rules.

4 126. Furthermore, Defendant Jassy is not independent because his principal professional
 5 occupation is his employment with Amazon.

6 127. As President and CEO of Amazon beginning in July 2021 and previously CEO of
 7 AWS since April 2016, Defendant Jassy received significant compensation from the Company as
 8 described herein. Accordingly, Defendant Jassy lacks independence from the other members of
 9 the Board due to his interest in maintaining his executive positions.

10 128. This lack of independence renders Defendants Bezos and Jassy incapable of
 11 impartially considering a demand to commence and vigorously prosecute this action.

12 **B. Demand Is Excused Because the Director Defendants Face a**
 13 **Substantial Likelihood of Liability for Their Misconduct**

14 129. Each of the Director Defendants breached their fiduciary duties by, among other
 15 things:

16 (a) Failing to ensure the Company's compliance with relevant legal and
 17 regulatory requirements, including, but not limited to, requirements imposed under BIPA;

18 (b) Failing to heed and take action upon red flags indicating violations of BIPA
 19 across the Company and that the Company's internal controls to ensure compliance with BIPA
 20 were inadequate;

21 (c) Failing to maintain an adequate system of oversight, accounting controls
 22 and procedures, disclosure controls, and other internal controls, which were necessary to prevent
 23 or promptly correct the improper statements made on the Company's behalf;

24 (d) Themselves affirmatively making, allowing to be made, and/or failing to
 25 correct improper statements in SEC filings relating to the Company's operations, internal controls,

1 legal proceedings and risks (including financial, operational, legal, regulatory and enforcement,
2 risks), and privacy compliance.

3 (e) Awarding Amazon's senior executives lavish compensation packages,
4 despite their knowledge of and responsibility for the Company's willful misconduct.

5 130. Amazon's violations of BIPA are longstanding, have been raised before the
6 Demand Board, and have been repeatedly disregarded by the Demand Board. In Amazon's 2019
7 and 2020 proxy statements, the Board even dismissed shareholder concerns specifically raising
8 the illegality and privacy implications of Amazon's facial recognition system, Rekognition. A
9 majority of the current members of the Demand Board – namely, Defendants Bezos, Gorelick,
10 Huttenlocher, McGrath, Nooyi, Rubinstein, Stonesifer, and Weeks – were among the directors
11 who dismissed shareholder concerns about BIPA and privacy violations.

12 131. In Amazon's 2022 Proxy Statement, the current Demand Board dismissed the risks
13 posed to the Company by Amazon's flouting of consumer privacy rights under the law and
14 responded to shareholder concerns by attempting to reassure shareholders that: "Our Board has
15 reviewed Amazon Rekognition, along with other programs, as part of numerous AWS business
16 reviews."¹⁷

17 132. Accordingly, the Director Defendants face a substantial likelihood of liability for
18 their breach of fiduciary duties, making any demand upon them futile.

19 133. Additionally, the Audit Committee Defendants at all relevant times, had
20 specifically defined duties to properly oversee: (i) the integrity of the Company's publicly reported
21 financial statements, press releases, and guidance; (ii) its system of internal, financial, and
22 administrative controls; and (iii) the Company's compliance with legal and regulatory
23 requirements, including risk management policies and consumer privacy violation risks. Thus, the
24

25 ¹⁷ Amazon.com, Inc., 2022 Proxy Statement (Schedule 14A), p. 86 (April 14, 2022).

1 Audit Committee Defendants were responsible for knowingly or recklessly allowing and failing
2 to correct the improper conduct detailed herein.

3 134. For these reasons, the Audit Committee Defendants face a substantial likelihood of
4 liability for their breach of fiduciary duties, making any demand upon them futile.

5 135. Additionally, the Nominating and Corporate Governance Defendants – who have
6 “experience in emerging technologies and public policy” – at all relevant times specifically
7 reviewed risks of Amazon’s Rekognition facial recognition technology in operation and actions to
8 resolve or mitigate those risks, as part of their duty to oversee the Company’s ethical business
9 practices. Thus, the Nominating and Corporate Governance Defendants were responsible for
10 knowingly or recklessly allowing and failing to correct the improper conduct detailed herein.

11 136. For these reasons, the Nominating and Corporate Governance Defendants face a
12 substantial likelihood of liability for their breach of fiduciary duties, making any demand upon
13 them futile.

14 137. The Demand Board is aware that the use of biometrics and facial recognition
15 technology in Amazon’s products and services has been extremely profitable for the Company.
16 The Demand Board is also aware and has been alerted that this conduct violates BIPA. Fiduciaries
17 of a Delaware Corporation cannot be loyal to a Delaware corporation by knowingly causing it to
18 seek profit by violating the law. Each of the Directors face substantial likelihood of personal
19 liability for breaching their duty of loyalty, among many other duties.

20 138. In the face of the knowing and continuing violation of the BIPA statute, each of the
21 Directors has failed to act, both to remedy illegal conduct and to apprise shareholders of the risks
22 attendant to Amazon’s conduct, demonstrating a conscious disregard for their responsibilities and
23 failing to discharge their fiduciary duty of loyalty in good faith.

24 139. Demand is futile as to each of the members of the Demand Board.

C. Demand Is Excused for Additional Reasons

140. Demand is futile because the Board is dominated and controlled by Defendant Bezos because of his immense influence as founder of the company and long tenure as CEO. Defendant Bezos built Amazon into one of the largest and most profitable companies in the world and has about a 13% stake in the Company.

141. The Director Defendants are likewise conflicted and unable to pursue the Company's claims against the Officer Defendants. Any effort to directly prosecute such claims against the Officer Defendants for their direct roles in the violations of applicable law carried out in Amazon's name would necessarily expose the Board's own culpability for the very same conduct. In other words, given that the Board was required to be regularly informed concerning the Company's public reporting, outlook, controls, and employment decisions with respect to the Company's most senior officers, any effort by the Board to hold the Officer Defendants liable would lead the Officer Defendants to defend on the ground that their own conduct was consistent with corporate policy and practice, as established by and known to the Board.

142. Moreover, the acts complained of constitute violations of the fiduciary duties owed by Amazon's officers and directors, and these acts are incapable of ratification. Despite having knowledge of the claims and causes of action raised by Plaintiff, the Board has failed and refused to seek to recover on behalf of the Company for any of the wrongdoing alleged by Plaintiff herein.

FIRST CAUSE OF ACTION

**Breach of Fiduciary Duties
(Against the Officer Defendants)**

143. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

144. The Officer Defendants owed fiduciary duties to Amazon and its stockholders. By reason of their positions as fiduciaries to the Company, the Officer Defendants owed duties of

1 good faith, loyalty, candor, and truthful disclosure. In addition, the Officer Defendants have
2 specific fiduciary duties as defined by the Company's corporate governance documents, including
3 its Code of Business Conduct and Ethics, and principles that, had they been discharged in
4 accordance with the Officer Defendants' obligations, would have prevented the misconduct and
5 the consequent harm to the Company.

6 145. The Officer Defendants violated these duties by issuing, causing to be issued, or
7 otherwise allowing the material omissions and misrepresentations described herein. The Officer
8 Defendants were well aware of the relevant privacy laws, rules, and regulations.

9 146. The Officer Defendants consciously breached their fiduciary duties and violated
10 their corporate responsibilities in at least the following ways:

11 (a) Failing to ensure the Company's compliance with relevant legal and
12 regulatory requirements, including but not limited to requirements imposed by privacy and
13 information security laws such as the Illinois Biometric Information Privacy Act;

14 (b) Engaging in a course of action with respect to individuals' biometric
15 information which lead to violations of the law and regulations;

16 (c) Themselves affirmatively making, allowing to be made, and/or failing to
17 correct improper statements in SEC filings relating to the Company's operations, internal controls,
18 legal proceedings and risks, and privacy compliance; and,

19 (d) Failing to implement and maintain adequate internal controls to ensure that
20 adequate management and disclosure of risks associated with privacy violations.

21 147. As a direct and proximate result of the Officer Defendants' breaches of their
22 fiduciary obligations, Amazon has sustained significant damages. Accordingly, the Officer
23 Defendants are liable to the Company.

24 148. Plaintiff, on behalf of Amazon, has no adequate remedy at law.
25
26

SECOND CAUSE OF ACTION

**Breach of Fiduciary Duties
(Against the Director Defendants)**

149. Plaintiff incorporates by reference and realleges Paragraphs 1 through 142 above.

150. The Director Defendants owed and owe Amazon fiduciary obligations. By reason of their fiduciary relationships, the Director Defendants specifically owed and owe Amazon the highest obligation of good faith, fair dealing, loyalty, and due care in the administration of the affairs of the Company, including, without limitation, the oversight of the Company's compliance with state and federal privacy laws, rules, and regulations, as well as the duty of candor and truthful disclosure with respect to their public statements.

151. The Director Defendants also owed and owe Amazon fiduciary duties under state corporation law, which impose broad obligations on Defendants vis-a-vis the corporation and its individual stockholders.

152. In addition, the Director Defendants have specific fiduciary duties as defined by the Company's corporate governance documents, including its Guidelines on Significant Corporate Governance Issues, Code of Business Conduct and Ethics, and the charters of various Board committees, and principles that, had they been discharged in accordance with the Director Defendants' obligations, would have prevented the misconduct and the consequent harm to the Company.

153. Each Director Defendant violated his or her fiduciary duties by consciously causing, or consciously failing to prevent the Company from engaging in, the improper acts complained of herein.

154. The Director Defendants consciously breached their fiduciary duties and violated their corporate responsibilities in at least the following ways:

(a) Failing to ensure the Company's compliance with relevant legal and regulatory requirements, including, but not limited to, requirements imposed under BIPA;

(b) Failing to heed and take action upon red flags indicating violations of BIPA across the Company and that the Company's internal controls to ensure compliance with BIPA were inadequate;

(c) Failing to maintain an adequate system of oversight, accounting controls and procedures, disclosure controls, and other internal controls, which were necessary to prevent or promptly correct the improper statements made on the Company's behalf;

(d) Themselves affirmatively making, allowing to be made, and/or failing to correct improper statements in SEC filings relating to the Company's operations, internal controls, legal proceedings and risks (including financial, operational, legal, regulatory and enforcement, risks), and privacy compliance.

(e) Awarding Amazon's senior executives lavish compensation packages, despite their knowledge of and responsibility for the Company's willful misconduct.

(f) Reappointing the same directors who had failed in their duties to the Audit Committee and Nominating and Corporate Governance Committee.

155. As a direct and proximate result of the Director Defendants' breaches of their fiduciary obligations, Amazon has sustained significant damages. Accordingly, the Director Defendants are liable to the Company.

156. Plaintiff, on behalf of Amazon, has no adequate remedy at law.

THIRD CAUSE OF ACTION

Waste of Corporate Assets (Against the Individual Defendants)

157. Plaintiff incorporates by reference and realleges Paragraphs 1 through 142 above.

158. As a result of the misconduct described above, Defendants have wasted corporate assets by forcing the Company to expend valuable resources in defending itself in the ongoing litigation, in addition to any ensuing costs from a potential settlement or adverse judgment.

159. Further, as a result of the failure to allow the Company to implement adequate internal and financial controls, the Individual Defendants have caused Amazon to waste its assets by paying improper compensation and bonuses to certain of its executive officers and directors that breached their fiduciary duties.

160. As a result of their waste of corporate assets, Defendants are liable to the Company.

161. Plaintiff, on behalf of Amazon, has no adequate remedy at law.

FOURTH CAUSE OF ACTION

Unjust Enrichment (Against the Individual Defendants)

162. Plaintiff incorporates by reference and realleges Paragraphs 1 through 142 above.

163. By their wrongful acts and omissions, the Individual Defendants were unjustly enriched at the expense of and to the detriment of Amazon. Defendants were unjustly enriched because of the compensation and remuneration they received while breaching fiduciary duties owed to the Company.

164. Plaintiff, as a stockholder and representative of Amazon, seeks restitution from Defendants, and each of them, and seeks an order of this Court disgorging all profits, benefits, severance payments, and other compensation obtained by Defendants, and each of them, in connection with, from or at the time of their wrongful conduct and fiduciary breaches.

165. Plaintiff, on behalf of Amazon, has no adequate remedy at law.

PRAAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment as follows:

A. Finding that a stockholder demand on the Amazon Demand Board would have been a futile and useless act;

B. Finding that Defendants have breached their fiduciary duties to the Company, wasted corporate assets, and were unjustly enriched;

1 C. Against each Defendant in favor of Amazon for the amount of damages sustained
2 by Amazon, jointly and severally, in an amount to be determined at trial, together with pre- and
3 post-judgment interest at the maximum legal rate allowable by law;

4 D. Requiring Defendants to return to Amazon all compensation and remuneration of
5 whatever kind paid to them by the Company during the time that they were in breach of their
6 fiduciary duties;

7 E. Directing Amazon to take all necessary actions to reform and improve its corporate
8 governance and internal procedures to comply with applicable laws and to protect Amazon and its
9 stockholders from a repeat of the damaging events described herein, including, but not limited to,
10 putting forward for stockholder vote, resolutions for amendments to the Company's Bylaws or
11 Articles of Incorporation and taking such other action as may be necessary to place before
12 stockholders for a vote of the following corporate governance policies:

13 1. a proposal to strengthen the Company's controls and monitoring of
14 compliance with privacy laws, including BIPA;

15 2. a proposal to strengthen the Company's controls over accounting and
16 financial reporting;

17 3. a proposal to strengthen the Board's supervision of operations (including
18 research & development along with third-party contracts) and develop and implement procedures
19 for greater stockholder input into the policies and guidelines of the Board;

20 4. a proposal to strengthen Amazon's disclosure controls to ensure material
21 information is adequately and timely disclosed to the SEC and the public;

22 5. a provision to control insider selling and conflicts of interest;

23 6. a provision to permit the stockholders of Amazon to nominate at least three
24 candidates for election to the Board;

1 7. a proposal to appoint additional independent board members with
2 established reputations in the IT/biometrics industry and with substantial experience in
3 governance, risk, compliance, cybersecurity, and consumer privacy issues;

4 8. a proposal to enhance and/or augment the audit, risk and compliance
5 committees of the Board to oversee internal controls and compliance processes;

6 9. a proposal to ensure that the Chief Compliance, Risk and Legal Officer(s)
7 and other company leadership have (a) necessary subject matter and regulatory expertise; (b) direct
8 reporting authority to the Board; and (c) adequate autonomy and resources to carry out their
9 responsibilities;

10 10. a proposal to review and implement revised codes of conduct, policies and
11 procedures, training, integrity hotlines, auditing and monitoring processes and procedures;

12 11. a proposal to review and implement policies and procedures for escalating
13 internal and regulatory issues internally and to the Board; and

14 12. a proposal to review and implement the confidential reporting structure and
15 investigative process of complaints within the company;

16 G. Directing Defendants to establish, maintain, and fully fund effective corporate
17 governance and compliance programs to ensure that Amazon's directors, officers, and employees
18 do not engage in wrongful or illegal practices;

19 H. Granting additional appropriate equitable and/or injunctive relief to remedy
20 Defendants' misconduct, as permitted by law;

21 I. Awarding Plaintiff the costs and disbursements of this action, including reasonable
22 attorneys' and experts' fees and expenses; and

23 J. Granting such other and further relief as this Court deems just and equitable.
24
25
26

JURY DEMAND

Plaintiff demands a trial by jury as to all issues so triable.

Respectfully submitted, this 26th day of April, 2022.

/s/ Gregory F. Wesner

Gregory F. Wesner, WSBA No. 30241

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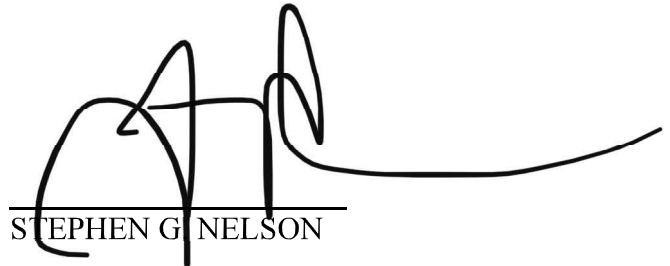
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VERIFICATION

I, STEPHEN G. NELSON, hereby verify that I am familiar with the allegations in the Verified Stockholder Derivative Complaint (“Complaint”), and that I have authorized the filing of the Complaint and that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 26th day of April, 2022.



STEPHEN G. NELSON